

**STATEMENT OF PROCEEDINGS FOR THE SPECIAL MEETING OF THE
CITY OF MAYWOOD OVERSIGHT BOARD**

**CITY OF MAYWOOD
CITY COUNCIL CHAMBERS
4319 EAST SLAUSON AVENUE
MAYWOOD, CALIFORNIA 90270**

Wednesday, August 15, 2012

9:30 AM

AUDIO LINK FOR THE ENTIRE MEETING. (12-3915)

Attachments: [Audio](#)

I. CALL TO ORDER

Vice Chair Oscar Magaña called the meeting to order at 9:36 a.m.

II. ROLL CALL

Roy Sinclair, Oversight Board Staff called the roll.

**Present: Vice Chair Oscar Magaña, Board Members Eduardo Adame,
 Andrew Sanchez, John Walsh and Louisa Ollague**

Absent: Chair Lilian Myers and Board Member Sam Pedroza

III. PLEDGE OF ALLEGIANCE

Board Member Eduardo Adame led the Pledge of Allegiance.

IV. STAFF COMMUNICATIONS

- 1. Update on City of Maywood Successor Agency's response to Agreed Upon Audit Procedures (AUP) Audit. (12-3743)**

Regina Tercero, Finance Manager, City of Maywood, provided an update on the result of the City of Maywood Successor Agency's Agreed Upon Procedures (Audit) for period January 1, 2012 through June 30, 2012. The audits are to establish each RDA's assets and liabilities; to document and determine each agency's pass-through payment obligations to other taxing entities; and to determine and document the amount and terms of any indebtedness incurred by the former RDA.

The procedures performed were agreed upon by the California State Controller's Office, Department of Finance, and County Auditor-Controller shown in the Exhibits A,B,C, and D. Most of the results showed there

were no exceptions noted as a result of performing the Agreed Upon Procedures. However, Exhibit B, on Page 8 of the report, showed two (2) significant findings for review regarding bond payment sent in January:

- a) The \$490,000 timing difference between payments listed on the general ledger and ROPS provided by the County Auditor-Controller.
- b) The advanced funding by the City of Maywood to the former Redevelopment Agency. The City was not able to provide County Auditor-Controller the supporting documents for the amount of \$5,360,903, supporting documents such as the various agreements, payment schedule, approved resolutions, and cancelled checks.

Yolanda Summerhill, Successor Agency Counsel, has sent a response letter, with supporting documents, to the State Controller to clarify the difference in time period the payments were made. The Oversight Board suggested that they be provided documentation when the response letter from the State Controller has been received.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), this item was continued to the next Oversight Board meeting for further discussion; and to allow the Successor Agency staff to review and determine the amount in question.

V. PUBLIC PARTICIPATION (AGENDA ITEMS ONLY)

At this time speakers wishing to address the Oversight Board on an item on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes.

There was none.

VI. ADMINISTRATIVE MATTER

2. Recommendation: Approve the Minutes of July 11, 2012. (12-3598)

Board Member Ollague commented that on Page 3, Paragraphs 3 and 5, there were words that were misspelled and need to be corrected.

On motion of Board Member Walsh, seconded by Board Member Sanchez, duly carried by the following vote, the Oversight Board approved the July 11, 2012 minutes with corrections to misspelled words on Page 3, Paragraphs 3 and 5.

Ayes: 5 - Board Members Adame, Sanchez, Walsh and Ollague and Vice Chair Magaña

Absent: 2 - Board Member Pedroza and Chair Myers

Attachments: [07-11-12 Minutes](#)

VII. DISCUSSION AND ACTION ITEMS

3. Review, approve and adopt resolution for the Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013. (12-3604)

Andre Dupret, Project Manager, City of Maywood, presented to the Oversight Board a staff report on the Recognized Obligation Payment Schedule for the period January 1, 2013 through June 30, 2013 (ROPS 3); and advised the Oversight Board that the staff report was reviewed by the Successor Agency Legal Counsel.

Board Member Walsh inquired if the Oversight Board has other options, other than approving the ROPS 3 at this meeting. Mr. Dupret informed the Oversight Board that they can approve the ROPS 3 with conditions. The Oversight Board agreed to vote the items on the ROPS 3 one line item at a time.

Line Item No. 1, 2007 Tax Allocation Bonds:

By Common Consent, duly carried by the following vote, Line Item No. 1, 2007 Tax Allocation Bonds was approved:

Ayes: Board Members Adame, Walsh, Sanchez, Ollague and Vice Chair Magaña

Noes: None

Absent: Board Member Pedroza and Chair Myers

Line Item No. 14, Bank Trustee Administration Fee:

By Common Consent, duly carried by the following vote, Line Item No. 14, Bank Trustee Administration Fee was approved:

Ayes: Board Members Adame, Walsh, Sanchez, Ollague and Vice Chair Magaña

Noes: None

Absent: Board Member Pedroza and Chair Myers

Line Item No. 17, Advances from the City of Maywood:

By Common Consent, duly carried by the following vote, Line Item No. 17, Advances was approved:

Ayes: Board Members Adame, Walsh, Sanchez and Vice Chair Magaña

Noes: Board Member Ollague

Absent: Board Member Pedroza and Chair Myers

Line Item No. 24, Jones & Mayer Legal Expenses:

By Common Consent, duly carried by the following vote, Line Item No. 24, Jones & Mayer Legal Expenses was not approved:

Ayes: Board Members Walsh, Sanchez and Vice Chair Magaña

Noes: Board Members Adame and Ollague

Absent: Board Member Pedroza and Chair Myers

Line Item No. 26, Successor Agency Staff Administrative Costs:

By Common Consent, duly carried by the following vote, Line Item No. 26, Successor Agency Staff Administrative Costs was not approved:

Ayes: Board Members Walsh, Sanchez and Vice Chair Magaña

Noes: Board Members Adame and Ollague

Absent: Board Member Pedroza and Chair Myers

Line Item No. 28, Maintenance and Improvement-CDC Agency-owned properties:

By Common Consent, duly carried by the following vote, Line Item No. 28, Maintenance & Improvement - CDC Agency - owned properties was not approved:

Ayes: Board Members Walsh, Sanchez and Vice Chair Magaña

Noes: Board Members Adame and Ollague

Absent: Board Member Pedroza and Chair Myers

Board Member Walsh inquired if the ROPS 3 can be amended later. Vice Chair Magaña suggested that the Oversight Board scheduled a Special Meeting to bring back items not approved and other items still pending for discussion. The Oversight Board agreed to tentatively schedule a Special Meeting on August 22, 2012 at 9:30 a.m. and reserve August 29, 2012 if the meeting did not push forward. Advance notice will be given to Oversight Board Members on the tentatively scheduled Special Meeting.

By Common Consent, there being no objection (Chair Myers, and Board Member Pedroza being absent), the Oversight Board continued for further consideration the review, approval and adoption of a resolution for the Recognized Obligation Payment Schedule (ROPS) for the period of January 1, 2013 through June 30, 2013" to a Special Meeting to be held either Wednesday, August 22, 2012 or Wednesday, August 29, 2012 at 9:30 a.m.

By Common [ROPS III - January 1, 2013 through June 30, 13](#)

4. Resolution Adopting the Administrative Budget for the Third Recognized Obligation Payment Schedule (ROPS III). (12-3787)

The Successor Agency made a recommendation to the Oversight Board to adopt the proposed administrative budget that allows staff time to be paid out of property tax revenue deposited in Redevelopment Property Tax Trust Fund Account.

Board Member Ollague requested the Successor Agency to provide a copy of the draft report presented at this meeting.

On motion of Board Member Ollague, seconded by Vice Chair Magaña, duly carried by the following vote, the Oversight Board approved the resolution

Adopting the Administrative Budget for the Third Recognized Obligation Payment Schedule; and instructed the Successor Agency to provide a copy of the Staff report on this item:

Ayes: 5 - Board Members Adame, Sanchez, Walsh and Ollague and Vice Chair Magaña

Absent: 2 - Board Member Pedroza and Chair Myers

Attachments: [Administrative Budget - ROPS III](#)

5. Discussion and recommendation to renegotiate former Redevelopment Agency's Bond Debt interest rate to a lower interest rate. (12-3600)

Yolanda Summerhill, Successor Agency Legal Counsel, provided a verbal report and responded to questions posed by the Oversight Board.

Board Member Walsh questioned if the Successor Agency is able to renegotiate bond interest for a lower rate or does the Oversight Board have that authority. Mrs. Summerhill informed the Oversight Board she is not aware of any Successor Agency being able to renegotiate bond interest rates to a lower rate and further informed the Oversight Board that they have the authority to renegotiate agreements.

Board Member Ollague requested that Successor Agency staff send a letter to the Department of Finance for clarification about the possibility on any opportunities to refinance the rate on the bonds.

Board Member Walsh also further suggested that the Successor Agency coordinate with the City's Finance department and determine what reasonable rates are available and what conditions need to be met to achieve a lower rate.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), the Oversight Board accepted Ms. Summerhill's report; instructed the Successor Agency to send a letter to the Department of Finance requesting clarification about the possibility of and/or any opportunities to refinance the rate on the bonds; and coordinate with the Successor Agency Finance Department to determine what a reasonable rates are available and what conditions need to be met to achieve a lower rate.

6. Discussion on renegotiation of loan agreements, and interest rates and any proposed "Cap," as requested by the Oversight Board at the meeting of July 11, 2012. (12-3603)

Board Member Walsh questioned if there is an actual existing loan agreement. Yolanda Summerhill, Successor Agency Counsel, provided a verbal report summarizing the loans made by the City to the former Redevelopment Agency and approved by the City of Maywood City Council dating back to early 1970s.

Board Member Walsh commented, on the Successor Agency prospective, is the interest rates being extremely high, terms and remaining balance. He feels there are no public entities that will be able to pay off the loans. Is there a possibility of renegotiating these loans? Andre Dupret, Project Manager, made a suggestion for the Oversight Board to discuss an appropriate amount of the rate and the Successor Agency would consider it with the probability of the Successor Agency bringing forth a recommendation of their own

Vice Chair Magaña's concern is that for this to be considered he would suggest having City of Maywood's Attorney and Financial Director present for discussion on renegotiating and to advise the Board about what can and should be done. Vice Chair Magaña strongly feels that the discussion should only indicate the cost of approving the transaction and use of the funds, which should be a low rate interest. Mr. Dupret suggested that with Vice Chair Magaña's concern, if staff will be allowed, time to further research these concerns presented by the Oversight Board and come back at another meeting with findings and recommendations.

Board Member Ollague also requested that the letter that is going to be prepared and sent to the Department of Finance pertaining to renegotiating Bonds rates also include a clarification on the "CAP" and what it should be, with guidelines and principles that this Oversight Board can derived from. For example, market conditions, interest rates, and possible outcomes among other cities, etc.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), the Oversight Board accepted Ms. Summerhill's verbal report and instructed the Successor Agency to do the following: (1) Send a letter to the Department of Finance to inquire what the CAP should be and seek guidance with respect what other Successor Agency are doing in this circumstance; and (2) Report back to the Oversight Board on the term of the loan, proposed end date and reasonable interest rate that would be acceptable to the Oversight Board.

7. Discussion on expenditures to date pertaining to Successor Agency Personnel and Operating Expenses for Fiscal Year 2011-12. (12-3602)

Andre Dupret, Project Manager, City of Maywood, made a verbal report and responded to questions posed by the Oversight Board.

Board Member Ollague requested clarification on Item No. 3 of the "Additions to the Enforceable Obligations Payment Schedule" as it does not match the Recognized Obligation Payment Schedule for the period January 1, 2013 through June 30, 2013. Mr. Dupret informed the Oversight Board that the table refers to the Recognized Obligation Payment Schedule for the period of January 1, 2012 through June 30, 2012, as requested at the July 11, 2012 meeting.

Board Member Ollague requested clarification on the amounts on the Legal Costs from the "Additions to the Enforceable Obligations Payment Scheduled, which was approved by the Maywood City Council on January 27, 2012 and ROPS 3. Mr. Dupret informed the Oversight Board that the amount on ROPS 3 is an estimate. Vice Chair Magaña asked if legal services are going increase during this period, which may affect the noted estimation. Mr. Dupret informed the Oversight Board that the estimation will not exceed.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), the Oversight Board accepted Mr. Dupret's report.

8. Review and discussion of Successor Agency Property Assets. (12-3216)

Andre Dupret, City Project Manager, presented a verbal report and responded to questions posed by the Oversight Board.

Vice Chair Magaña questioned what will be the worst-case scenario for the 5515 Maywood Avenue (Pocket Park Site). Mr. Dupret addressed Vice Chair Magaña's concern stating any action taken by the Oversight Board pertaining to these properties may delay its completion. Presently there is a contract, designs drawings within the next 60 days. The Pocket Park site ground breaking will be the 1st of the year and estimated completion by the end of 2013. Yolanda Summerhill, Successor Agency Counsel, informed the Oversight Board that contract was entered prior to June 28, 2011 and the agreement between TPO and the former Redevelopment Agency was entered prior to deadline and considered valid.

Board Member Sanchez inquired with respect to the other properties would the City desire to continue to develop the property or terminate. Ms. Summerhill addressed Board Member Sanchez' concern and informed the Oversight Board that the Successor Agency can entered into agreements to wind down projects. Since there is no way to foresee in February 2010 all items necessary to date, and if there is no agreement contemplated prior the pending projects would be part of the wind down process.

Board Member Walsh pointed out that there are no occurring financial resources available to complete the commercial sites for redevelopment. Mr. Dupret informed the Oversight Board that there has been interest from the general public. There has been internal meetings with the City to determine how best invest the property to benefit the community.

Board Member Walsh pointed out that one of the duties of the Oversight Board is the disposition of properties. Mr. Dupret affirms his comment; however, he wanted the Oversight Board to be aware of the importance the properties are to the interest of the community.

Board Member Walsh requests that the properties at 5102 and 5110 District Boulevard (Commercial Sites) be brought back to the Oversight Board for further discussion and action at the next meeting. Board Member Adame requested additional information pertaining to market value. Also Board Member Ollague requested an assessment value of the properties.

In addition, Vice Chair Magaña stated that the Oversight Board is heading to the disposition of properties but can take the consideration of alternative probabilities these properties can affect to the best interest of community and the Oversight Board can also make that determination.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), the Oversight Board accepted Mr. Dupret's report; and continued this item to the next meeting with direction to the Successor Agency to return back to the Oversight Board with findings and recommendations on the properties located at 5102 and 5110 District Boulevard and to include in the report the market and assessment value.

Attachments: [Successor Agency Properties](#)

9. Discussion on retaining Oversight Board Legal Counsel Services. (12-3169)

Andre Dupret, Project Manager, City of Maywood, presented a verbal report and answered questions posed by the Oversight Board.

Board Member Walsh brought to the Oversight Boards attention two possible Racketeering Influenced and Corrupt Organizations Act (RICO) issues and possible negotiations and therefore suggests that the Oversight Board determine a budget for Legal Counsel and how to proceed in retaining legal counsel for the Oversight Board.

Board Member Ollague suggested that County Counsel be present at the next meeting with the probability that County Counsel can guide the Oversight Board to hiring outside legal counsel. Board Member Adame further suggested to the Successor Agency to inquire how other Oversight Boards are handling the situation of retaining legal counsel. Mr. Dupret suggested that this item be continued to the next meeting to allow Successor Agency staff to research.

By Common Consent, there being no objection (Chair Myers and Board Member Pedroza being absent), the Oversight Board continued the discussion on retaining Oversight Board Legal Counsel Services at the next Oversight Board meeting.

10. Approve a resolution adopting a Conflict of Interest Code as required by State Law. (12-3756)

On motion of Board Member Walsh, seconded by Board Member Sanchez, duly carried by the following vote, the Oversight Board approved the resolution Adopting a Conflict of Interest Code, as required by State Law.

Ayes: 5 - Board Members Adame, Sanchez, Walsh, Ollague and Vice Chair Magaña,

Absent: 2 - Board Member Pedroza and Chair Myers

Attachments: [Staff Report, California Code of Regulations and Disclosure Categories](#)

VIII. MISCELLANEOUS

11. At this time speakers wishing to address the Oversight Board on an item that is not on the agenda will be called upon in the order that the speaker card is received. The maximum time allotted for individuals to speak shall not exceed three (3) minutes. Further, in accordance with State law, the Oversight Board may not take action or entertain extended discussion on a topic not listed on the agenda. Please show courtesy to other and direct all of your comments to the Chair. (12-3599)

There were none.

IX. ADJOURNMENT

The meeting adjourned at 11:05 a.m. A Special Meeting is tentatively scheduled for either Wednesday, August 22, 2012 or Wednesday, August 29, 2012 at 9:30 a.m. in the City's Council Chambers.